

UNADJUSTED DEBITS			
Prepayments.....	\$	953,094	
Discount on funded debt.....		3,549,598	
Other unadjusted debits.....		3,838,738	
			8,341,430
			<u>\$3,633,885,384</u>

Sterling and United States currencies converted at par of exchange.

GOVERNMENT OF CANADA—PROPRIETOR'S EQUITY—(See note)

Represented by:

1,000,000 shares of no par value capital stock of Canadian National Railway Company.....	\$	18,000,000	
5,000,000 shares of no par value capital stock of The Canadian National Railways Securities Trust.....		378,518,135	
Capital expenditures by Government of Canada Canadian Government Railways.....		379,877,514	
			<u>776,395,649</u>

CONTINGENT LIABILITIES

Major contingent liabilities, as shown on statement attached.....			
			<u>\$2,633,885,384</u>

NOTE.—The Proprietor's Equity is included in the net debt of Canada and is disclosed in the historical record of Government assistance to railways as shown in the Public Accounts of Canada in accordance with The Canadian National Railways Capital Revision Act, 1927.

T. J. GRACEY,
Comptroller.

CERTIFICATE OF AUDITORS

We have examined the books and records of the companies comprising the Canadian National Railway System for the year ended the 31st December, 1951.

In our opinion, proper books of account have been kept by the System, and the consolidated balance sheet at the 31st December, 1951, and the relative consolidated income account for the year ended that date have been prepared on a basis consistent with that of the preceding year and are in agreement with the books of the System.

The total amount of the investments in fixed properties and equipment as brought into the System accounts at the 1st January, 1923, from the books of the several corporations and the Canadian Government Railways was accepted by us.

On the Canadian Lines, depreciation accounting for equipment has been applied from the 1st January, 1940, retirement accounting continuing in effect for fixed properties.

In our opinion, subject to the foregoing, the above consolidated balance sheet and the relative consolidated income account are properly drawn up so as to give a true and fair view of the state of the System's affairs at the 31st December, 1951, and of the consolidated income and expenses for the year.

The transactions of the System that have come under our notice have, in our opinion, been within the powers of the System. We are reporting to Parliament in respect of our annual audit.

10th March, 1952.

GEORGE A. TOUCHE & CO.
Chartered Accountants.